



AGENDA REPORT

To: Chairperson Judith N. Frank and Oversight Board Members

From: Brian Saeki, Executive Director
By: Nick Kimball, Finance Director

Date: September 10, 2015

Subject: **Consideration to Adopt Resolutions Approving the Administrative Budget and Recognized Obligation Payment Schedule for the Period Covering January 1, 2016 through June 30, 2016.**

RECOMMENDATION:

It is recommended that the Oversight Board to the Successor Agency to the San Fernando Redevelopment Agency:

- a. Adopt Resolution No. ____ approving the Successor Agency's Administrative Budget for the six month fiscal period from January 1, 2016 through June 30, 2016 (Admin Budget 15-16B); and
- b. Adopt Resolution No. ____ approving the Recognized Obligation Payment Schedule for the six month fiscal period from January 1, 2016 through June 30, 2016 (ROPS 15-16B); and
- c. Authorize the Executive Director to take certain related actions.

BACKGROUND:

1. Pursuant to Assembly Bill X1 26 ("AB 26"), the Successor Agency must prepare an administrative budget ("Admin Budget") and Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period (commencing each January 1 and July 1), both of which must be submitted to the Oversight Board for approval.
2. The Admin Budget and ROPS must be submitted to the Oversight Board for review and approval. Each Oversight Board-approved Admin Budget and ROPS must be submitted to the State Department of Finance ("DOF") for review no fewer than ninety (90) days before the date of property tax distribution (i.e. dates of distribution are January 2 and June 1 of each year). The Admin Budget and ROPS for the period January 1, 2016 through June 30, 2016 (hereinafter "Admin Budget 15-16B" and "ROPS 15-16B," respectively) shall be submitted to the DOF by October 2, 2015.

3. On June 27, 2012, the Governor signed the State budget trailer bill Assembly Bill No. 1484 ("AB 1484") which amends AB 26, imposes additional requirements on successor agencies, and clarifies the roles and responsibilities of the different agencies involved in the dissolution process. Pursuant to AB 26 as amended by AB 1484, the Successor Agency must submit the ROPS to the DOF electronically in the manner of DOF's choosing and a copy of the Oversight Board-approved ROPS must be posted on the Successor Agency's website.
4. The DOF may eliminate or modify any items on the ROPS before approving the ROPS. The DOF must make its determination regarding the enforceable obligations and the amount and funding source for each enforceable obligation listed on a ROPS no later than 45 days after the Oversight Board-approved ROPS is submitted. Within five business days of the DOF's determination, the Successor Agency may request to "meet and confer" with the DOF on disputed items.
5. The County Auditor-Controller may object to the inclusion of any item on the ROPS that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of its objections to the DOF, the Successor Agency and the Oversight Board by 60 days prior to the date of the next property tax distribution. Property tax is distributed on January 2 and June 1 of each year.
6. If the Successor Agency does not submit an Oversight Board-approved ROPS by 90 days prior to the date of the next property tax distribution, the City of San Fernando is subject to a civil penalty of \$10,000 per day for every day that the ROPS is not submitted to the DOF. The penalty is to be paid to the County Auditor-Controller for distribution to the taxing entities. If the Successor Agency does not timely submit a ROPS, creditors of the Successor Agency, the DOF, and affected taxing entities may request a writ of mandate to require the Successor Agency to immediately perform this duty. Additionally, if the Successor Agency does not submit a ROPS within 10 days of October 2nd, the Successor Agency's Administrative Cost Allowance for that period will be reduced by 25 percent.
7. If the Successor Agency fails to submit an Oversight Board-approved ROPS to the DOF within five business days of "the date upon which the ROPS is to be used to determine the amount of property tax allocations", the DOF may determine whether the County Auditor-Controller should distribute any property tax revenues to the taxing entities, or whether any amount should be withheld for enforceable obligations pending approval of the ROPS.
8. On September 8, 2015, staff presented, and the Successor Agency Board approved, Admin Budget 15-16B and ROPS 15-16B. Upon approval from the Oversight Board, both Admin Budget 15-16B and ROPS 15-16B, will be transmitted to the DOF, State Controller, and County Auditor-Controller.

ANALYSIS:

Administrative Cost Allowance

Under AB X1 26 and AB 1484, an “Administrative Cost Allowance” is paid to the Successor Agency from property tax revenues allocated by the County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to a maximum of 3% of the property tax allocated for enforceable obligations, but not less than \$250,000 for any fiscal year unless the Oversight Board reduces this amount. The Administrative Cost Allowance is allocated from the Redevelopment Property Tax Trust Fund (RPTTF) by the County Auditor-Controller.

The Administrative Cost Allowance to be received by the Successor Agency on January 2, 2016 is for the second half of fiscal year 2015-16. It is estimated that the Successor Agency to the San Fernando Redevelopment Agency administrative expenses will be \$125,000 for the reported six-month period. The Administrative Cost Allowance is subject to reduction if there are insufficient funds to pay the enforceable obligations as listed on the ROPS for the same six-month fiscal period.

Recognized Obligation Payment Schedule

ROPS 15-16B includes \$1,896,030 in enforceable obligations and \$125,000 in Administrative Cost Allowance for a total of \$2,021,030 in enforceable obligations for the period. The primary enforceable obligations for the period include: 1) debt service and related payments for 2006 TABs (\$1,582,032), 2) repayment of a deferred pass through loan from the County of Los Angeles (200,000), and 3) repayment of a loan per a DDA with San Fernando Mission Partnership (\$103,998).

BUDGET IMPACT:

According to estimates received from the Los Angeles Auditor Controller, there will be sufficient RPTTF available to fully fund all enforceable obligations and the Successor Agency’s Administrative Cost Allowance.

CONCLUSION:

The deadline to submit Admin Budget 15-16B and ROPS 15-16B is October 2, 2015. Subsequent to Oversight Board and DOF approval, the Successor Agency will have the authority to pay the former Redevelopment Agency’s enforceable obligations for the period January 1, 2016 to June

30, 2016 and will allow the Successor Agency to continue its work to wind down the affairs of the dissolved Redevelopment Agency pursuant to applicable state regulations.

Therefore, staff recommends that the Oversight Board adopt Resolution Nos. _____ and _____, approving the Successor Agency's Admin Budget 15-16B and ROPS 15-16B, respectively.

ATTACHMENTS:

- A. Resolution No. _____ including Admin Budget 15-16B as Exhibit "1"
- B. Resolution No. _____ including ROPS 15-16B as Exhibit "1"
- C. Successor Agency Administrative Budget Detailed Worksheet

Attachment “A”

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY APPROVING AN ADMINISTRATIVE BUDGET FOR THE PERIOD JANUARY 1, 2016 THROUGH JUNE 30, 2016 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

RECITALS:

A. Pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) (“Part 1.85”), the Successor Agency to the San Fernando Redevelopment Agency (“Successor Agency”) is required to undertake a number of actions related to winding down the affairs of the former Redevelopment Agency pursuant to Health and Safety Code Section 34177(h).

B. In connection with the administration and operations of the Successor Agency, the Successor Agency is and will be utilizing the staff, facilities, and other resources of the City. The City Manager of the City serves as Executive Director of the Successor Agency, the Finance Director serves as Finance Officer of the Successor Agency, and the City Clerk serves as Secretary to the Successor Agency. Planning, finance, engineering, public works, and other City departments devote and are expected to devote substantial time with respect to the administration and operations of the Successor Agency, including gathering information relating to the Redevelopment Agency’s enforceable obligations, conferring with public officials representing governmental agencies, and undertaking other activities in connection with administration and operations of the Successor Agency.

C. Pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations and pursuant to Health and Safety Code Sections 34178(a) and 34180(h), the Successor Agency may enter into agreements with the City with the approval of the oversight board for the Successor Agency (the “Oversight Board”).

D. Pursuant to Health and Safety Code Section 34177(j), the Successor Agency is required to prepare a proposed administrative budget for each six month fiscal period and submit each proposed administrative budget to the Oversight Board for its approval. Each proposed administrative budget shall include all of the following: (1) Estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) Proposed sources of payment for the costs identified in (1); and (3) Proposals for arrangements for administrative and operations services provided by the City or another entity.

E. Pursuant to Health and Safety Code Section 34177(k), the Successor Agency is required to provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the County Auditor-Controller for each applicable six-month fiscal period.

F. The Successor Agency seeks the Oversight Board's approval of the administrative budget for the period of January 1, 2016 through June 30, 2016 ("Admin Budget 15-16B"), in the form attached to this Resolution as Exhibit "1", and the Oversight Board's authorization to submit the approved Admin Budget 15-16B, as required by Health and Safety Code 34177(k), to the County Auditor-Controller.

G. Admin Budget 15-16B has been prepared in accordance with Health and Safety Code Section 34177(j) and is consistent with the requirements of the Health and Safety Code and other applicable law. The proposed source of payment of the costs set forth in Admin Budget 15-16B is property taxes from the County's Redevelopment Property Tax Trust Fund established for the Successor Agency.

H. The activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 et seq., hereafter the "Guidelines"), and the City's environmental guidelines.

I. The activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to the provisions of Part 1.85.

Section 3. The Oversight Board hereby approves the proposed administrative budget for the six-month fiscal period commencing January 1, 2016 through June 30, 2016 attached hereto as Exhibit "1" and incorporated herein by reference.

Section 4. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

Section 5. The Oversight Board determines that the activity approved by this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

PASSED AND ADOPTED this 10th day of September, 2015.

Judith N. Frank, Chair

ATTEST:

Tanya Ruiz, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Oversight Board to the Successor Agency to the San Fernando Redevelopment Agency held on the 10th day of September, 2015, by the following vote to wit:

AYES:

NOES:

ABSENT:

Tanya Ruiz, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

Exhibit "1"

**Successor Agency to the San Fernando Redevelopment Agency
Administrative Budget 15-16B
January 1, 2016 through June 30, 2016**

<u>Direct Staff Costs</u>	<u>FY 15-16B (Jan-Jun)</u>
Reimbursement to the City of San Fernando, serving as Successor Agency, for direct staff costs, including, but not limited to, the following positions:	
City Manager	
Deputy City Manager/Public Works Director	
Executive Assistant to the City Manager	
City Clerk	
Community Development Director	
Associate Planner	
Community Preservation Officer (Code Enforcement)	
Finance Director	
Junior Accountant	
<u>Subtotal Direct Staff Costs</u>	<u>100,000</u>
<u>Direct O&M</u>	
Contractual Services (Legal, Consulting)	20,000
Office Supplies and Operations Costs	800
<u>Subtotal Direct O&M</u>	<u>20,800</u>
Total Direct Costs	120,800
Indirect Cost Allocation (20% of O&M)	4,200
Total Cost	125,000

Attachment “B”

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY 1, 2016 THROUGH DECEMBER 31, 2015 AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

RECITALS:

A. Pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) (“Part 1.85”), the Successor Agency to the San Fernando Redevelopment Agency (“Successor Agency”) is required to undertake a number of actions related to winding down the affairs of the former Redevelopment Agency pursuant to Health and Safety Code Section 34177(h).

B. Pursuant to Health and Safety Code Section 34171(m), a “Recognized Obligation Payment Schedule” (“ROPS”) means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in Section 34177(m) of the Health and Safety Code. Therefore, the amounts listed on a ROPS are solely estimates of minimum payment amounts required of the Successor Agency for enforceable obligations for the upcoming six month period.

C. Pursuant to Health and Safety Code Section 34177(m), the Successor Agency is required to submit the ROPS for the period of January 1, 2016 through June 30, 2016, after its approval by the Oversight Board, to the Department of Finance and the County Auditor-Controller no fewer than 90 days before the date of property tax distribution on January 2, 2016, which is no later than October 2, 2016.

D. The ROPS covering the period from January 1, 2016 through June 30, 2016 (“ROPS 15-16B”), is attached to this Resolution as Exhibit “1”, and is presented to the Oversight Board for review and approval.

E. Pursuant to Health and Safety Code Section 34177(m)(1), the Successor Agency shall submit a copy of the Oversight Board-approved ROPS 15-16B to the Department of Finance electronically and the Successor Agency shall complete the ROPS 15-16B in the manner provided by the Department of Finance.

F. The proposed ROPS 15-16B attached to this Resolution as Exhibit “1” is consistent with the requirements of the Health and Safety Code and other applicable law.

G. The activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act (“CEQA”), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 et seq., hereafter the “Guidelines”), and the City’s environmental guidelines.

H. The activity proposed for approval by this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to the provisions of Part 1.85.

Section 3. The Oversight Board hereby approves and adopts the ROPS 15-16B, substantially in the form attached to this Resolution as Exhibit “1”. The Executive Director of the Successor Agency, in consultation with the Successor Agency’s legal counsel, may modify ROPS 15-16B as the Executive Director or the Successor Agency’s legal counsel deems necessary or advisable to comply with applicable state law and consistent with the enforceable obligations of the Successor Agency.

Section 4. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to submit a copy of ROPS 15-16B to the DOF, the County Auditor-Controller and the County administrative officer as designated by the County.

Section 5. Staff is hereby authorized and directed, jointly and severally, to submit a copy of the Oversight Board-approved ROPS 15-16B to the DOF, the Office of the State Controller, and the County Auditor-Controller.

Section 6. Staff is hereby authorized and directed, jointly and severally, to post a copy of the Oversight Board-Approved ROPS 15-16B on the Successor Agency’s Internet website (being a page on the Internet website of the City of San Fernando).

Section 7. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

Section 8. The Oversight Board determines that the activity approved by this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines

Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

PASSED AND ADOPTED this 10th day of September, 2015.

Judith N. Frank, Chair

ATTEST:

Tanya Ruiz, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Oversight Board to the Successor Agency to the San Fernando Redevelopment Agency held on the 10th day of September, 2015, by the following vote to wit:

AYES:

NOES:

ABSENT:

Tanya Ruiz, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

EXHIBIT 1

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF SAN FERNANDO**

RECOGNIZED OBLIGATION PAYMENT SCHEDULE 15-16A

(January 1, 2016 through June 30, 2016)